



4310-22 (P)

## **DEPARTMENT OF THE INTERIOR**

### **Bureau of Land Management**

**[LLWY922000-L13200000-EL0000; WYW176095]**

### **Notice of Competitive Coal Lease Sale, Wyoming**

**AGENCY:** Bureau of Land Management, Interior.

**ACTION:** Notice.

**SUMMARY:** Notice is hereby given that certain coal resources in the South Porcupine Coal Tract described below in Campbell County, Wyoming, will be offered for competitive lease by sealed bid in accordance with the provisions of the Mineral Leasing Act of 1920, as amended.

**DATES:** The lease sale will be held at 10 a.m. on Wednesday, February 29, 2012.

Sealed bids must be submitted on or before 4 p.m. on Tuesday, February 28, 2012.

**ADDRESSES:** The lease sale will be held in the First Floor Conference Room (Room 107), of the Bureau of Land Management (BLM) Wyoming State Office, 5353 Yellowstone Road, P.O. Box 1828, Cheyenne, Wyoming 82003. Sealed bids must be submitted to the Cashier, BLM Wyoming State Office, at the address given above.

**FOR FURTHER INFORMATION CONTACT:** Mavis Love, Land Law Examiner, or Kathy Muller Ogle, Coal Coordinator, at 307-775-6258, and 307-775-6206, respectively.

**SUPPLEMENTARY INFORMATION:** This coal lease sale is being held in response to a lease by application (LBA) filed by BTU Western Resources, Inc., Gillette, Wyoming. The coal resource to be offered consists of all reserves recoverable by surface

mining methods in the following-described lands located approximately 1 to 4 miles north of the Campbell/Converse county line, adjacent and up to 2 miles east of the main line railroad, and adjacent to the western and northern lease boundary of the North Antelope Rochelle Mine.

T. 41 N., R. 70 W., 6<sup>th</sup> Principal Meridian

sec. 7, lots 7 through 10 inclusive and lots 15 through 18 inclusive;

sec. 18, lots 6 through 11 inclusive and lots 14 through 19 inclusive;

T. 41 N., R. 71 W., 6<sup>th</sup> Principal Meridian

sec. 1, lots 5 through 20 inclusive;

sec. 12, lots 1 through 16 inclusive;

sec. 13, lots 1 through 16 inclusive;

sec. 14, lots 1, 2, 8, 9, 16, and 18;

sec. 23, lots 1 and 17; and

sec. 24, lots 2 through 4 inclusive and lots 17, 19, and 21.

Containing 3,243.03 acres, more or less, in Campbell County, Wyoming.

The LBA tract is adjacent to Federal leases to the east and south as well as a State of Wyoming lease to the north, all controlled by the North Antelope Rochelle Mine. It is also adjacent to Federal leases to the west across the mainline railroad, which is part of Cloud Peak Energy Resources, LLC's Antelope Mine. It is adjacent to additional unleased Federal coal to the west.

Most of the acreage offered has been determined to be suitable for mining except for the mainline railroad right-of-way along the western boundary of the LBA. Features such as roads, utilities, and pipelines can be moved to permit coal recovery. In addition, a

producing gas well is located on the LBA as well as several coal bed natural gas wells. The estimate of the bonus value of the coal lease will include consideration of the future production from these wells. An economic analysis of this future income stream will consider reasonable compensation to the gas lessee for lost production of the natural gas when the wells are bought out by the coal lessee. Approximately half of the surface estate of the tract is within the Thunder Basin National Grasslands and managed by the U.S. Forest Service. Most of the other half of the surface estate is owned by various private entities with a small amount owned by a Peabody Energy Corporation subsidiary. The tract contains surface mineable coal reserves in the Wyodak-Anderson coal zone currently being recovered in the adjacent, existing mines. On the LBA tract, there are two mineable seams, the Wyodak-Anderson 1 (Anderson) and the Wyodak-Anderson 2 (Canyon), located in the southern portion of the LBA that merge into a single seam in the northern portion. The total coal thickness averages about 77 feet with the shallower Anderson seam slightly thicker than the deeper Canyon seam where two seams occur. The two seams can be separated by as much as 80 feet of interburden. Overburden depths to the Anderson range from about 160 to 460 feet thick. The tract contains an estimated 401,830,508 tons of mineable coal. This estimate of mineable reserves includes the two seams mentioned above but does not include any tonnage from localized seams or splits containing less than 5 feet of coal. It does not include the adjacent State of Wyoming coal although these reserves are expected to be recovered in conjunction with the LBA tract. It also excludes coal within and along the railroad right of way as required by typical mining practices. The total mineable stripping ratio of the coal in bank cubic yards per ton is approximately 4.8:1. Potential

bidders for the LBA tract should consider the recovery rate expected from thick and multiple seam mining.

The South Porcupine LBA coal is ranked as subbituminous C. The overall average quality on an as-received basis is 8,905 British Thermal Units per pound containing about 0.20 percent sulfur. These quality averages place the coal reserves near the high end of the range of coal quality currently being mined in the Wyoming portion of the Powder River Basin.

The tract in this lease offering contains split estate lands. There are qualified surface owners as defined in the regulations at 43 CFR 3400.0-5(gg). Consent granted by the qualified surface owners has been filed with and verified by the BLM. The LBA tract lands included in the consent are:

T. 41 N., R. 71 W., 6th Principal Meridian

sec. 13, lots 12 through 14 inclusive;

sec. 14, lots 1, 2, 8, and 18; and

sec. 24, lots 3, 4, 17, 19, and 21.

Containing 396.79 acres, more or less, in Campbell County, Wyoming.

The purchase price of the consent as stated in the consent documents is “. . . an overriding royalty of three percent (3%) of the gross realization of all coal mined and sold from the Subject Property.”

The tract will be leased to the qualified bidder of the highest cash amount provided that the high bid meets or exceeds the BLM’s estimate of the fair market value (FMV) of the tract. The minimum bid for the tract is \$100 per acre or fraction thereof. No bid that is less than \$100 per acre, or fraction thereof, will be considered. The bids should be sent

by certified mail, return receipt requested, or be hand delivered. The BLM Wyoming State Office Cashier will issue a receipt for each hand-delivered bid. Bids received after 4 p.m. local time on Tuesday, February 28, 2012, will not be considered. The minimum bid is not intended to represent FMV. The FMV of the tract will be determined by the Authorized Officer after the sale. The lease that may be issued as a result of this offering will provide for payment of an annual rental of \$3 per acre, or fraction thereof, and a royalty payment to the United States of 12.5 percent of the value of coal produced by surface mining methods. The value of the coal will be determined in accordance with 30 CFR 1206.250.

Pursuant to the regulation at 43 CFR 3473.2(f), the applicant for the South Porcupine Tract, BTU Western Resources, Inc., has paid a total case-by-case cost recovery processing fee in the amount of \$83,694. The successful bidder for the South Porcupine Tract, if someone other than the applicant, must pay to the BLM the \$83,694 previously paid by BTU Western Resources, Inc. Additionally, the successful bidder must pay all processing costs the BLM will incur after the date this sale notice is published in the Federal Register, which are estimated to be \$10,000.

Bidding instructions for the LBA tract offered and the terms and conditions of the proposed coal lease are available from the BLM Wyoming State Office at the address above. Case file documents, WYW176095, are available for inspection at the BLM Wyoming State Office.

*/s/ Donald A. Simpson*

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Donald A. Simpson  
State Director

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